

## Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ISO-00 AGR-20 CEA-02 CIAE-00 DODE-00

FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-07

PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08 TAR-02

TRSE-00 USIA-15 PRS-01 SP-03 FEA-02 OMB-01 SWF-02

OPIC-12 DRC-01 /178 W

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R 210902Z MAY 74

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 3889

USDOC

LIMITED OFFICIAL USE SECTION 1 OF 2 SEOUL 3228

EO 11652: N/A

TAGS: BGXP, ETRD, EGEN, KS

SUBJECT: SIXTH INTERMINISTERIAL COMMUNIQUE

1. DRAFT JOINT COMMUNIQUE FOR SIXTH INTERMINISTERIAL  
QUOTED BELOW IS PRODUCT OF MEETINGS OF COMMERCE DEPUTY  
ASSISTANT SECRETARY VAN GESSEL AND EMBASSY COMMERCIAL  
COUNSELOR WITH MCI OFFICIALS INCLUDING KIM, SUN KIL ON MAY  
17. THIS DRAFT REPRESENTS MARRIAGE OF EMBASSY DRAFT AND  
KOREAN DRAFT. JOINT EFFORT DERIVES MUCH FROM COMMUNIQUE OF  
1973 MEETING AND IS DESIGNED TO COVER ALL MAJOR POINTS IN  
AGENDA. WE ARE NOT SATISFIED WITH LANGUAGE OF NUMBER OF  
ITEMS, PARTICULARLY ITEMS IV AND VI, BUT RATHER THAN CONTINUE  
DEBATE OVER THESE ITEMS IT WAS DECIDED TO SUBMIT WHOLE TEXT  
FOR WASHINGTON VIEWS SO THAT MATTER CAN MOVE FORWARD IN  
SHORT TIME REMAINING.

2. WE TRIED TO KEEP TEXTILES OUT OF COMMUNIQUE BUT KOREANS  
INSISTED. WE HAVE SAID WE WOULD NOT BE PREPARED TO GO  
BEYOND LANGUAGE CLEARED PREVIOUSLY BY COMMERCE WHICH  
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SIMPLY TAKES NOTE OF FORTHCOMING MEETING TO DISCUSS

TEXTILE PROBLEMS. HOWEVER, MCI IS PREPARING LANGUAGE WHICH THEY THINK WILL BE ACCEPTABLE AND WHICH WILL BE READY IN DAY OR TWO.

3. SEPTTEL ON AGENDA AND MINISTER CHANG'S ITINERARY FOLLOW.

4. BEGIN TEXT OF DRAFT JOINT COMMUNIQUE:

QUOTE THE SIXTH UNITED STATES-KOREA COMMERCE MINISTERS MEETING, JOINT COMMUNIQUE

A. THE SIXTH UNITED STATES-KOREA COMMERCE MINISTERS MEETING WAS HELD IN WASHINGTON, JUNE 4-5, 1974. THE UNITED STATES DELEGATION WAS HEADED BY FREDERICK B. DENT, SECRETARY OF COMMERCE OF THE UNITED STATES OF AMERICA AND THE KOREAN DELEGATION BY YI JOON CHANG, MINISTER OF COMMERCE AND INDUSTRY OF THE REPUBLIC OF KOREA. PHILIP C. HABIB, AMERICAN AMBASSADOR

KOREA AND PYONG CHUN HAHM, THE KOREAN AMBASSADOR TO THE UNITED STATES ALSO PARTICIPATED IN THE MEETING.

B. THE DECISION TO HOLD SUCH A MEETING PERIODICALLY WAS MADE BY THE PRESIDENT OF THE UNITED STATES AND THE PRIME MINISTER OF THE REPUBLIC OF KOREA DURING THE LATTER'S VISIT TO WASHINGTON IN MARCH 1967, FOR THE PURPOSE OF STRENGTHENING AND EXPANDING COMMERCIAL RELATIONS BETWEEN THEIR TWO COUNTRIES. THE FIFTH MEETING WAS HELD IN SEOUL, JULY 19-20, 1973.

C. DURING THE COURSE OF THE SIXTH MEETING, MINISTER CHANG AND SECRETARY DENT DISCUSSED A WIDE VARIETY OF TOPICS, INCLUDING; THE WAYS AND MEANS TO EXPAND TWO-WAY TRADE BETWEEN KOREA AND THE UNITED STATES; THE PROBLEM OF MAINTAINING AN ADEQUATE SUPPLY OF CERTAIN U.S. PRODUCTS WHICH ARE VITAL TO THE KOREAN ECONOMY; THE POSSIBILITIES OF ENHANCING THE ECONOMIC COOPERATION BETWEEN THE TWO COUNTRIES, AND OTHER TRADE RELATED MATTERS.

I. A. AT THE OUTSET, BOTH MINISTERS NOTED WITH SATISFACTION THE CONTINUING EXPANSION OF TWO-WAY TRADE BETWEEN KOREA AND THE UNITED STATES IN RECENT YEARS. AT THE SAME TIME, BOTH LIMITED OFFICIAL USE

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AGREED THAT FURTHER STEPS SHOULD BE TAKEN BY EACH SIDE TO MAINTAIN THE MOMENTUM OF THE IMPROVING TRADE RELATIONSHIP.

B. ON THE GENERAL SUBJECT OF THE COMMERCIAL RELATIONSHIP, SECRETARY DENT EXPRESSED GRATITUDE FOR KOREAN GOVERNMENT EFFORTS, INCLUDING THE DISPATCH TO THE UNITED STATES OF A SUCCESSFUL PURCHASING MISSION, WHICH HAVE HELPED BRING U.S. TRADE INTO BETTER BALANCE. HE ALSO NOTED THE SUCCESSFUL

INAUGURATION OF THE UNITED STATES TRADE CENTER IN THE AMERICAN EMBASSY IN SEOUL, AND INDICATED THE DESIRABILITY OF A MUTUAL EFFORT TO DEVELOP THE TRADE CENTER AS A CHANNEL WHICH WOULD FACILITATE THE INTRODUCTION TO KOREA OF THE AMERICAN PRODUCTS AND TECHNOLOGY NECESSARY AND DESIRABLE FOR KOREAN DEVELOPMENT. THE SECRETARY EXPRESSED THE HOPE THAT THERE WOULD BE CONTINUING LIBERALIZATION OF KOREA'S IMPORT RESTRICTIONS TO THE DEGREE PERMITTED BY KOREA'S IMPROVING EXTERNAL BALANCE OF PAYMENTS.

C. MINISTER CHANG POINTED OUT THE IMPORTANCE FOR NATIONAL DEVELOPMENT OF KOREA'S OBTAINING FOR ITS PRODUCTS THE WIDEST POSSIBLE ACCESS TO THE UNITED STATES MARKET. ON THE OTHER HAND, HE NOTED THAT THE "SELL TO KOREA" MISSION TO THE UNITED STATES HAS RESULTED IN LARGE SCALE PURCHASES BY KOREAN IMPORTERS OF SUPERIOR AMERICAN MACHINERY AND EQUIPMENT FROM THE UNITED STATES. HE FURTHER EXPRESSED THE VIEW THAT THE RECENT REFORM OF KOREAN TARIFF AND TARIFF SYSTEMS WILL ASSIST IN FACILITATING INFLOW OF AMERICAN PRODUCTS TO KOREA.

II. THE KOREAN DELEGATION EXPRESSED CONCERN OVER RESTRICTIVE PROVISIONS OF THE TRADE REFORM ACT AND THE LIMITED POTENTIAL APPLICATION OF SPECIALIZED PREFERENCES TO KOREA. THE U.S. DELEGATION, WHILE NOTING THE KOREAN CONCERN, POINTED OUT THAT THE LEGISLATIVE ACTION IS STILL UNDER DELIBERATION AND THAT IN ANY CASE ITS BASIC AIM WAS NOT TO ESTABLISH TRADE LIMITATION, BUT RATHER CONDITIONS FOR FAIR AND EQUITABLE GROWTH OF TRADE BETWEEN THE UNITED STATES AND ITS TRADING PARTNERS.

III. THE KOREAN DELEGATION EXPRESSED THE VIEW THAT THE ARBITRARY FREIGHT SURCHARGES LEVIED DEVISED BY THE UNITED STATES SHIPPING CONFERENCES ON SHIPMENTS TO AND FROM KOREAN LIMITED OFFICIAL USE

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PORTS CONSTITUTE AN UNFAIR IMPEDIMENT TO TRADE, PARTICULARLY IN VIEW OF THE RECENT AND DRAMATIC IMPROVEMENT OF KOREAN PORT FACILITIES. THE UNITED STATES DELEGATION RESPONDED THAT THE MATTER WILL BE REVIEWED BY CONCERNED U.S. AUTHORITIES FOR APPROPRIATE REMEDIAL ACTION.

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R 210902Z MAY 74

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 3890

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IV. A. THE TWO DELEGATIONS NOTED THE JOINT STATEMENT ISSUED IN SEOUL ON APRIL 19, 1974 DURING THE VISIT OF THE UNITED STATES SECRETARY OF AGRICULTURE, PARTICULARLY THE SECRETARY'S STATEMENT THAT THE UNITED STATES WILL HONOR PL 480 COMMITMENTS WHICH HAVE BEEN MADE TO KOREA AS SOON AS THE SUPPLY AND DEMAND SITUATION PERMITS.

B. THE KOREAN DELEGATIONS EMPHASIZED THE CONTINUING IMPORTANCE TO KOREA OF CREDITS, SUCH AS C C C CREDITS, IN CONNECTION WITH KOREA'S NEEDS FOR A LONG-TERM STABLE SUPPLY OF AGRICULTURAL RAW MATERIALS, AND REQUESTED THAT SUCH CREDITS BE RESTORED. THE U.S. DELEGATION PROMISED TO REFER THE MATTER TO APPROPRIATE AUTHORITIES FOR THEIR CONSIDERATION.

V. BOTH DELEGATIONS NOTED THAT WITH RESPECT TO THE RAPID EXPANSION OF THE KOREAN ECONOMY, THE UNITED STATES EXPORT-IMPORT BANK INTENDS TO PLAY A MAJOR ROLE IN PROVIDING CREDITS TO SUPPORT THE CONTINUED FLOW OF U.S. EQUIPMENT AND SERVICES TO KOREA.

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VI. A. THE TWO MINISTERS EXPRESSED THE VIEW THAT SECURING BASIC RAW MATERIALS IS AN IMPORTANT PRECONDITION FOR ECONOMIC GROWTH IN KOREA, AND A LONG-TERM ARRANGEMENT ASSURING A STEADY AND STABLE MARKET FOR SUCH MATERIALS IS

ADVANTAGEOUS TO THE UNITED STATES AS SUPPLIER. THE UNITED STATES DELEGATION ASSURED THAT, TO THE EXTENT THAT U.S. GOVERNMENT AUTHORITY PERMITS, IT WILL ENCOURAGE THE DEVELOPMENT OF SUCH ARRANGEMENTS.

B. WITH REFERENCE TO THE U.S. SUPPLY OF CRITICAL INDUSTRIAL RAW MATERIALS SUCH AS STEEL SCRAP, THE KOREAN DELEGATION INDICATED THE UNFORTUNATE AFFECT ON THE KOREAN ECONOMY, NOT ONLY OF THE SUDDEN IMPOSITION OF QUOTAS BELOW KOREA'S REQUIREMENT, BUT OF THE ADMINISTRATION OF QUOTAS IN SUCH A WAY AS TO EVEN PREVENT THEIR FULL UTILIZATION.

C. IN VIEW OF THE EXTREME DEPENDENCE BY KOREA ON THE UNITED STATES FOR THE SUPPLY OF FERROUS SCRAP, MINISTER CHANG REQUESTED THAT THE UNITED STATES GOVERNMENT EFFECT AN INCREASE IN THE QUOTA ALLOTTED TO KOREA IN LINE WITH KOREA'S REQUIREMENTS. HE ALSO POINTED OUT THAT ADMINISTRATION OF THE PRESENT UNITED STATES EXPORT CONTROL PROGRAM CONSTITUTED A DOUBLE BARRIER TO THE IMPORT OF SCRAP AND SUGGESTED VARIOUS MEASURES AND IMPROVEMENTS IN THE ADMINISTRATIVE ASPECTS OF THE UNITED STATES EXPORT CONTROL.

D. THE UNITED STATES DELEGATION EXPRESSED REGRET THAT FLUCTUATIONS IN WORLDWIDE DEMAND AND LIMITATIONS IN U.S. SUPPLY MAKE OCCASIONAL QUOTA RESTRICTIONS NECESSARY IN ORDER TO MEET MINIMUM DOMESTIC REQUIREMENTS AND TO INSURE FAIR ALLOCATION OF EXPORT. ALL QUOTAS, IT WAS EMPHASIZED, ARE TEMPORARY AND EVERY EFFORT WILL BE MADE TO RELATE THESE QUOTAS TO KOREA'S NATIONAL REQUIREMENTS AND PERMIT FULL UTILIZATION OF ASSIGNED QUOTAS.

VII. A. REVIEWING THE PAST, PRESENT AND FUTURE OF THE KOREAN ECONOMY, THE KOREAN DELEGATION OUTLINED THE LOANS AND EQUITY INVESTMENTS REQUIRED TO FINANCE SOME OF THE PROJECTS OF KOREA'S THIRD FIVE YEAR ECONOMIC DEVELOPMENT PLAN AND THE HEAVY AND CHEMICAL INDUSTRY DEVELOPMENT PLAN, LIMITED OFFICIAL USE

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AND THE INCENTIVES, AND OPPORTUNITIES OFFERED TO AMERICAN BUSINESSMEN. IN PARTICULAR, HE POINTED OUT THAT BRIGHT OPPORTUNITIES EXISTED FOR AMERICAN BUSINESSMEN IN THE AREAS OF KOREA'S MACHINERY, ELECTRONICS AND SHIPBUILDING INDUSTRIES.

B. THE UNITED STATES DELEGATION REAFFIRMED THE U.S. GOVERNMENT SUPPORT FOR THE CONCEPT THAT PRIVATE AMERICAN INVESTMENT PLAYS A KEY ROLE IN KOREA'S DEVELOPMENT. IT PROMISED TO ASSIST IN THE DISSEMINATION TO AMERICAN BUSINESSMEN OF INFORMATION CONCERNING KOREAN INVESTMENT OPPORTUNITIES. AT THE SAME TIME IT WAS POINTED OUT THAT MAINTENANCE IN

KOREA OF A COMPETITIVELY ATTRACTIVE INVESTMENT CLIMATE REQUIRES FLEXIBILITY IN INTERPRETATION OF THE RELEVANT REGULATIONS AND ESTABLISHMENT OF CONDITIONS WHICH WILL NOT ONLY BRING IN NEW INVESTMENT BUT PERMIT THE SUCCESSFUL OPERATION OF EXISTING U.S. ENTERPRISE.

VIII. A. THE TWO MINISTERS ACKNOWLEDGED THAT THE PRIVATE INITIATIVES LEADING TO ECONOMIC COOPERATION BETWEEN THE TWO COUNTRIES SHOULD BE ENCOURAGED IN VIEW OF THE INCREASING IMPORTANCE OF THE UNITED STATES-KOREA COMMERCIAL RELATIONSHIP.

B. BOTH DELEGATIONS EXPRESSED SATISFACTION AT THE ACTIVITIES OF THE UNITED STATES-KOREA COMMERCIAL RELATIONSHIP.

B. BOTH DELEGATIONS EXPRESSED SATISFACTION AT THE ACTIVITIES OF THE UNITED STATES-KOREA ECONOMIC COUNCIL AND ITS RECENTLY INAUGURATED COUNTERPART, THE UNITED STATES-KOREA ECONOMIC COUNCIL, WHICH ARE NOW ACTIVELY ENGAGED IN A COOPERATIVE EFFORT TO PROMOTE COMMUNICATION BETWEEN THE TWO NATIONS' BUSINESS COMMUNITIES AS A WHOLE AND IN FACILITATING A DIALOGUE BETWEEN BUSINESSMEN WITH COMMON INTERESTS.

C. THE LARGE GROUP OF DISTINGUISHED AMERICAN EXECUTIVES, LED BY MR. DAVID M. KENNEDY, WHO CAME TO KOREA IN MAY AT THE INVITATION OF THE KOREAN GOVERNMENT, WAS CITED AS AN OUTSTANDING EXAMPLE OF THE KIND OF ORGANIZED EFFORT WHICH WILL SERVE TO HEIGHTEN US BUSINESS INTERESTS IN THE KOREAN OPPORTUNITY AND THEREBY BRING THE TWO NATIONS CLOSER ECONOMICALLY TO THEIR MUTUAL ADVANTAGE.

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D. THE DELEGATIONS ENCOURAGED THE EFFORT BEING MADE BY PRIVATE SECTOR ORGANIZATIONS FOR THE ESTABLISHMENT OF A KOREAN-AMERICAN BUSINESS INSTITUTE.

IX. OTHER TRADE-RELATED ISSUES WERE RAISED BY THE UNITED STATES DELEGATION. THEY INCLUDED COPYRIGHT PROTECTION, THE OPERATION OF AMERICAN INSURANCE COMPANIES, AND RESTRICTION ON IMPORT OF AMERICAN FEATURE MOTION PICTURE FILMS. THE KOREAN DELEGATION NOTED THAT THERE HAS BEEN PROGRESS MADE ON SOME OF THESE ISSUES SINCE THE FIFTH MEETING AND AGREED TO REFER THEM TO APPROPRIATE AUTHORITIES FOR REVIEW.

X. A. IN CONCLUDING THE MEETING, MINISTER CHAG AND SECRETARY DENT EXPRESSED THEIR MUTUAL SATISFACTION WITH THE SUCCESSFUL RESULTS BROUGHT ABOUT BY THEIR FRANK AND CORDIAL EXCHANGE OF VIEWS, AND CONFIRMED THE IMPORTANCE OF THEIR MEETING AS A VEHICLE TO EXPAND THE COMMERCIAL RELATIONSHIP BETWEEN THE TWO TRADITIONAL ALLIES.

B. MINISTER CHANG EXPRESSED HIS SINCERE APPRECIATION ON BEHALF OF HIMSELF AND THE ENTIRE KOREAN DELEGATION FOR THE KIND RECEPTION AND THE WARM HOSPITALITY EXTENDED BY HIS AMERICAN HOSTS THROUGHOUT THEIR STAY IN WASHINGTON.

C. THE TWO MINISTERS AGREED TO HOLD THE SEVENTH UNITED STATES-KOREA COMMERCE MINISTERS MEETING IN SEOUL AT A MUTUALLY AGREEABLE TIME IN 1975 UNQUOTE.  
ERICSON

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## Message Attributes

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